

Chameleon Radio Corporation
Licensee, Radio Station KIOX
Bay City, Texas
1270 kHz, 1 kw, U, DA-N
Exhibit: 4, Page: 16

**KIOX GROUNDWAVE COUNTOURS FROM
PROPOSED STA SITE**

COORDINATES: N 29 38 10 W 95 32 22

AZIMUTH	RADIATION (mV/m at one km)	DISTANCES TO CONTOURS IN KILOMETERS:				
		Contour levels in mV/m.				
		1000.000	25.000	5.000	2.000	1.000
.0	303.30	.30	9.04	27.40	44.83	59.86
10.0	303.30	.30	9.04	27.40	44.83	59.37
20.0	303.30	.30	9.04	27.40	44.83	60.02
30.0	303.30	.30	9.04	27.40	44.83	62.02
40.0	303.30	.30	9.04	27.40	44.83	62.02
50.0	303.30	.30	9.04	29.84	47.27	66.72
60.0	303.30	.30	9.04	34.35	53.42	80.19
70.0	303.30	.30	9.04	34.68	63.18	91.20
80.0	303.30	.30	9.10	34.86	64.68	99.01
90.0	303.30	.30	9.20	34.96	81.17	109.19
100.0	303.30	.30	9.25	35.01	79.54	150.74
110.0	303.30	.30	9.20	34.96	62.21	127.26
120.0	303.30	.30	9.07	34.84	62.08	123.91
130.0	303.30	.30	9.04	34.52	61.77	131.12
140.0	303.30	.30	9.04	33.89	61.14	129.26
150.0	303.30	.30	9.04	32.56	59.81	119.54
160.0	303.30	.30	9.04	28.93	56.18	92.14
170.0	303.30	.30	9.04	27.40	44.83	62.02
180.0	303.30	.30	9.04	27.40	44.83	62.02
190.0	303.30	.30	9.04	27.40	44.83	62.02
200.0	303.30	.30	9.04	27.40	44.83	62.02
210.0	303.30	.30	9.04	27.40	44.83	62.02
220.0	303.30	.30	9.04	27.40	44.83	62.02
230.0	303.30	.30	9.04	27.40	44.83	62.02
240.0	303.30	.30	9.04	27.40	44.83	62.02
250.0	303.30	.30	9.04	27.40	44.83	62.02
260.0	303.30	.30	9.04	27.40	44.83	62.02
270.0	303.30	.30	9.04	27.40	44.83	62.02
280.0	303.30	.30	9.04	27.40	44.83	62.02
290.0	303.30	.30	9.04	27.40	44.83	62.02
300.0	303.30	.30	9.04	27.40	44.83	62.02
310.0	303.30	.30	9.04	27.40	44.83	62.02
320.0	303.30	.30	9.04	27.40	44.83	62.02
330.0	303.30	.30	9.04	27.40	44.83	62.02
340.0	303.30	.30	9.04	27.40	44.83	62.02
350.0	303.30	.30	9.04	27.40	44.83	61.32

KIOX GROUNDWAVE COUNTOURS FROM
PROPOSED STA SITE

COORDINATES: N 29 38 10 W 95 32 22

AZIMUTH	RADIATION (mV/m at one km)	DISTANCES TO CONTOURS IN KILOMETERS: Contour levels in mV/m.		
		.500	.250	.025
.0	303.30	70.43	85.27	176.60
10.0	303.30	69.95	84.78	176.11
20.0	303.30	70.59	85.43	186.98
30.0	303.30	73.33	88.16	199.79
40.0	303.30	82.38	102.86	215.80
50.0	303.30	96.16	116.64	229.58
60.0	303.30	111.87	132.34	245.28
70.0	303.30	125.51	161.40	275.15
80.0	303.30	133.32	173.33	335.59
90.0	303.30	159.76	270.61	454.69
100.0	303.30	250.92	361.76	2500.00
110.0	303.30	227.44	338.28	2500.00
120.0	303.30	224.09	334.94	2500.00
130.0	303.30	231.29	342.14	2500.00
140.0	303.30	229.44	340.29	2500.00
150.0	303.30	219.72	330.56	2500.00
160.0	303.30	192.32	303.16	2500.00
170.0	303.30	97.58	208.42	2500.00
180.0	303.30	86.01	182.04	2500.00
190.0	303.30	84.60	163.14	2500.00
200.0	303.30	89.03	145.98	2500.00
210.0	303.30	91.80	134.64	454.65
220.0	303.30	93.54	133.55	341.06
230.0	303.30	94.17	134.18	311.94
240.0	303.30	93.33	133.34	293.69
250.0	303.30	90.08	130.09	272.73
260.0	303.30	85.44	122.99	261.72
270.0	303.30	84.60	115.34	254.07
280.0	303.30	84.60	113.24	248.95
290.0	303.30	84.60	113.24	247.96
300.0	303.30	84.60	113.24	253.77
310.0	303.30	84.60	113.24	260.05
320.0	303.30	84.60	103.87	253.92
330.0	303.30	75.43	90.27	181.60
340.0	303.30	73.80	88.64	179.97
350.0	303.30	71.89	86.72	178.06

Chameleon Radio Corporation
Licensee, Radio Station KIOX
Bay City, Texas
1270 kHz, 1 kw, U, DA-N
Exhibit: E - 4, Page: 17

Chameleon Radio Corporation
Licensee, Radio Station KIOX
Bay City, Texas
1270 kHz, 1 kw, U, DA-N
Exhibit: 4, Page: 19

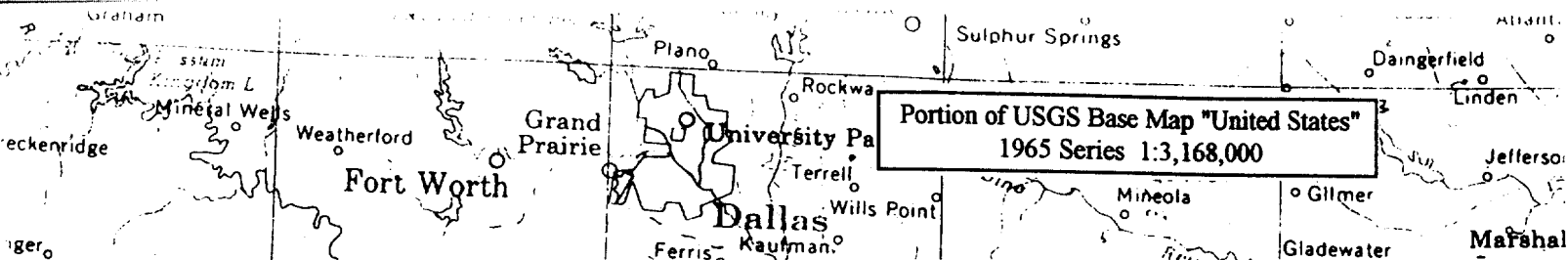
JOB ID. CODE: KTTX DAY DISTANCES

CALL LETTERS: KTTX METRIC GROUNDWAVE PROPAGATION CURVES

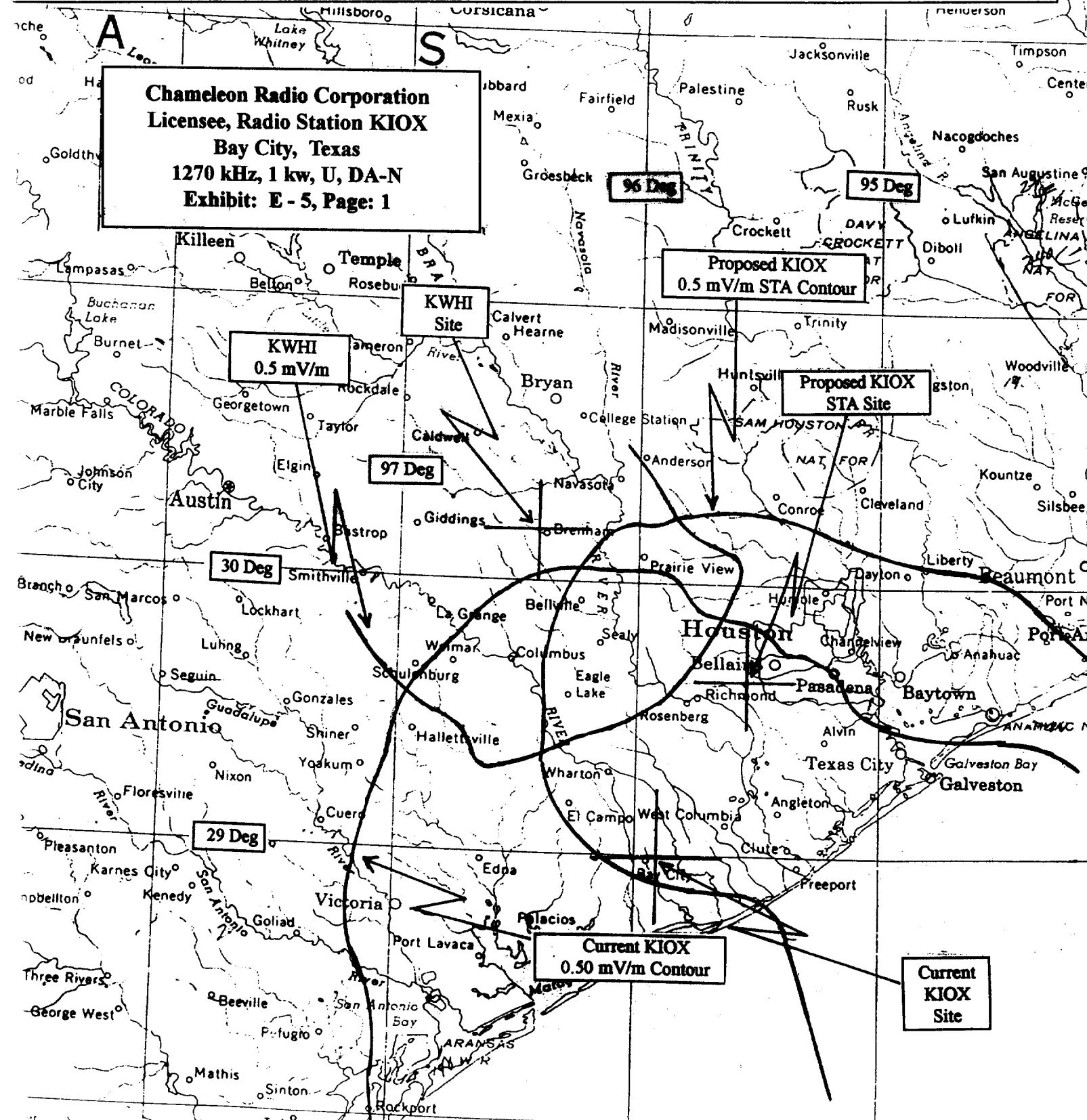
COORDINATES: N 30 10 5 W 96 25 20

FREQUENCY: 1280 kHz NUMBER OF CONTOURS: 2

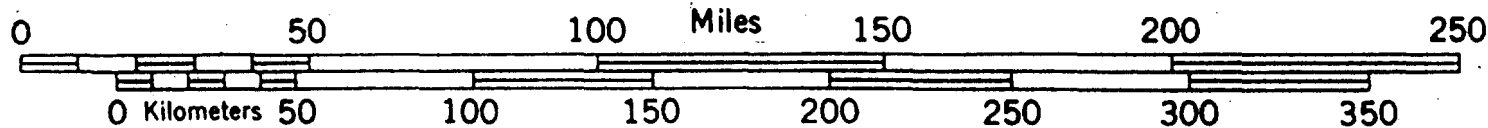
AZIMUTH	RADIATION (mV/m at one km)	DISTANCES TO CONTOURS IN KILOMETERS:	
		Contour levels in mV/m. .500	.250
.0	311.00	63.41	78.43
10.0	311.00	58.80	73.82
20.0	311.00	56.20	71.22
30.0	311.00	54.59	69.61
40.0	311.00	53.73	68.75
50.0	311.00	53.38	68.40
60.0	311.00	53.49	68.51
70.0	311.00	54.18	69.20
80.0	311.00	55.74	70.76
90.0	311.00	64.99	87.44
100.0	311.00	85.56	114.38
110.0	311.00	85.56	114.38
120.0	311.00	85.56	116.55
130.0	311.00	85.56	114.38
140.0	311.00	85.56	114.38
150.0	311.00	85.56	114.38
160.0	311.00	85.56	115.87
170.0	311.00	86.69	126.94
180.0	311.00	93.18	133.44
190.0	311.00	100.75	141.00
200.0	311.00	86.25	126.51
210.0	311.00	85.56	114.38
220.0	311.00	85.56	114.38
230.0	311.00	85.56	114.38



Chameleon Radio Corporation
Licensee, Radio Station KIOX
Bay City, Texas
1270 kHz, 1 kw, U, DA-N
Exhibit: E - 5, Page: 1



Portion of USGS Base Map "United States"
1965 Series 1:3,168,000



Chameleon Radio Corporation
Licensee, Radio Station KIOX
Bay City, Texas
1270 kHz, 1 kw, U, DA-N
Exhibit: E - 5, Page: 2

KWHI Site

KWHI
0.5 mV/m

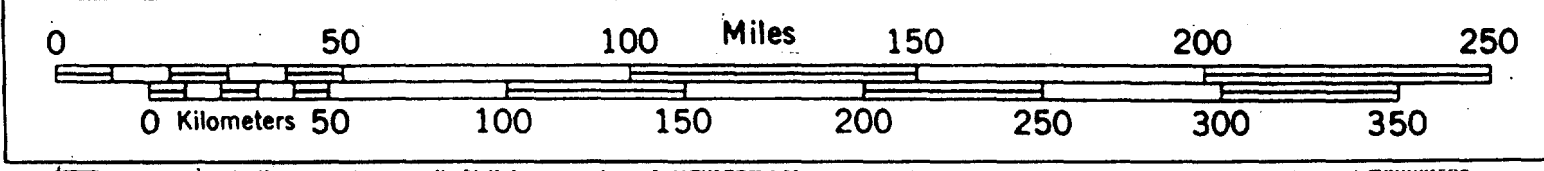
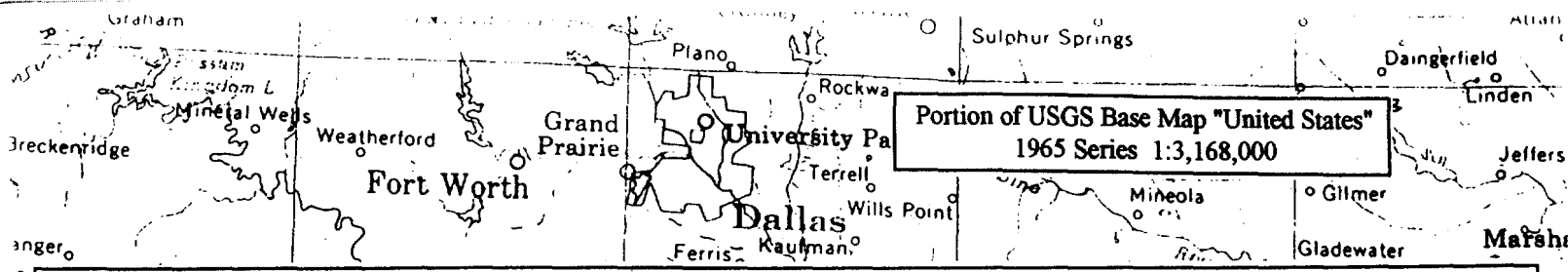
Proposed KIOX
0.5 mV/m STA Contour

Proposed KIOX
STA Site

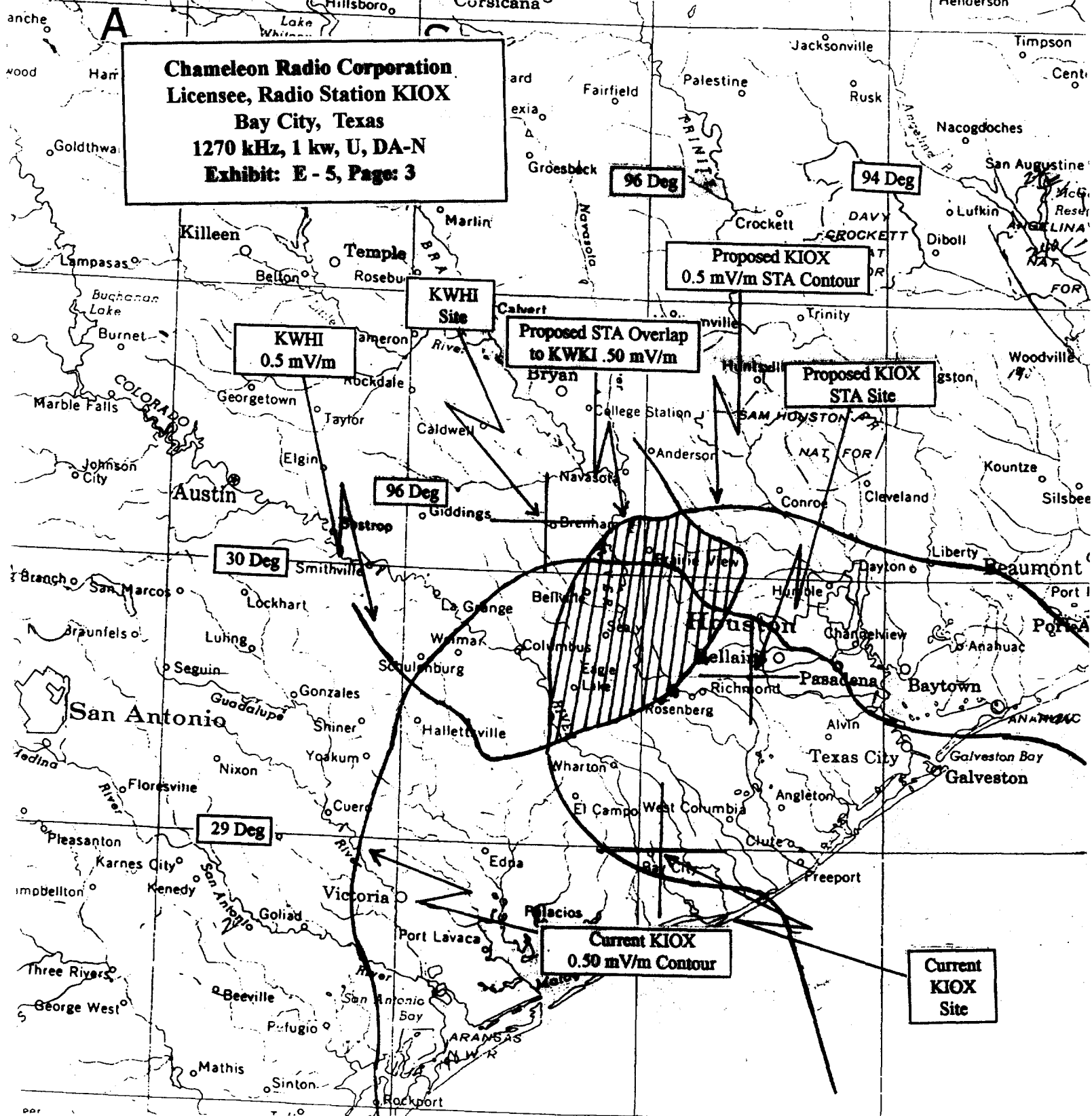
Currently Licensed Overlap
Between Licensed KIOX
Site and KWHI

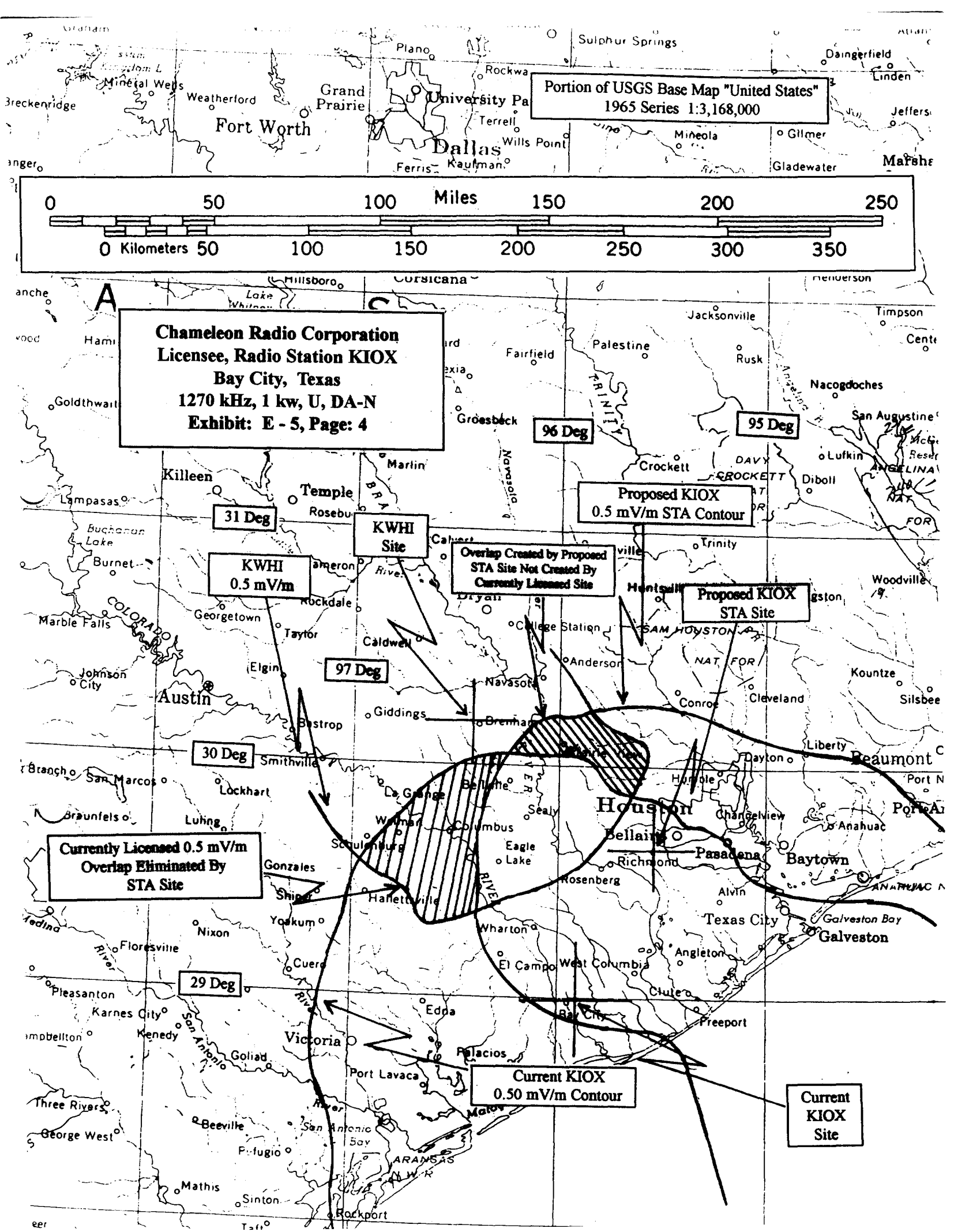
Current KIOX
0.50 mV/m Contour

Current
KIOX
Site



Chameleon Radio Corporation
Licensee, Radio Station KIOX
Bay City, Texas
1270 kHz, 1 kw, U, DA-N
Exhibit: E - 5, Page: 3






 U.S. Department of Transportation
 Federal Aviation Administration

Notice of Proposed Construction or Alteration

Aeronautical Study Number

1. Nature of Proposal

A. Type

- ☒ New Construction
☐ Alteration *

B. Class

- ☒ Permanent
☐ Temporary (Duration _____ months)

C. Work Schedule Dates

 Beginning Pending
 End FCC Approval

* If Alteration, provide previous FAA Aeronautical Study Number, if available:

3A. Name, address, and telephone number of individual, company corporation, etc. proposing the construction or alteration. (Number, Street, City, State, and Zip Code)

Don Werlinger, President
 Chameleon Radio Corporation
 10865 Rockley Road
 Houston, Texas 77099
 Area Code Telephone Number

3B. Name, address and telephone number of proponent's representative, if different than 3A. above.

Same As Above

(713) 564-1070 Fax: 713-564-8653
 Area Code Telephone Number

2. Complete Description of Structure

Please describe, on a separate sheet of paper if necessary, the proposed construction or alteration.

- A. For proposals involving transmitting stations, include effective radiated power (ERP) and assigned frequency of all proposed or modified transmitters on the structure. (If not known, give frequency band and maximum ERP).
- B. For proposals involving overhead wire, transmission lines, etc., include the size and the configuration of the wires and their supporting structures.
- C. For all proposals, include site orientation, dimensions, and construction materials of the proposed or altered structure.
- D. **Optional**— Describe the type of obstruction marking and lighting system desired for your structure. The FAA will recommend appropriate marking and lighting for the structure in accordance with the standards of Advisory Circular AC 70/7460-1. An FAA marking and lighting recommendation will reflect the minimum acceptable level of conspicuity necessary to warn pilots of the presence of an object. However, the FAA, under certain circumstances, will not object to the use of a system (such as a medium intensity flashing white light system or a dual lighting system) other than the recommended standard.

Location Of Structure

A. Coordinates (to hundredths of seconds, if known)

Latitude 01 " 29 38 10
 Longitude 01 " 95 32 22

4D. Source of coordinate information for item 4A. above.

- ☒ USGS 7.5' Quad Chart ☐ Survey ☐ Other Specify

Indicate the reference datum of the coordinates, if known.

- ☒ NAD 27 ☐ NAD 83 ☐ Other Specify

B. Nearest City or Town and State

Stafford, Tx

(1). Distance to 4B

500 feet

(2). Direction to 4B

270° True

C. Nearest public or military airport, heliport, flightpark, or seaplane base

Andreau, Houston

(1). Distance from structure to nearest point of nearest runway

9.6 mi (15.45 km)

(2). Direction from structure to airport

351° True

5. Height and Elevation (to nearest foot)

A. Elevation of site above mean sea level.

75

B. Height of structure including all appurtenances and lighting above ground or water.

180

C. Overall height above mean sea level (A + B)

255

4E. Describe, on a separate sheet of paper, the location of the site with respect to highways, streets, airports, prominent terrain features, existing structures, etc. Attach a copy of a U.S. Geological Survey quadrangle map 7.5 minute series (or equivalent) showing the construction site. If available, attach a copy of a documented site survey with the surveyor's certification.

FAILURE TO PROVIDE ALL REQUESTED INFORMATION MAY DELAY PROCESSING OF YOUR NOTICE

Notice is required by Part 77 of the Federal Aviation Regulations (14 C.F.R. Part 77) pursuant to Section 1101 of the Federal Aviation Act of 1958, as amended (49 U.S.C. app. § 1501). Persons who knowingly and willfully violate the Notice requirements of Part 77 are subject to a civil penalty of \$1,000 per day until the notice is received, pursuant to Section 901(a) of the Federal Aviation Act of 1958, as amended (49 U.S.C. app. § 1471(a)) as well as the fine (criminal penalty) of not more than \$500 for the first offense and not more than \$2,000 for subsequent offenses, pursuant to Section a) of the Federal Aviation Act of 1958, as amended (49 U.S.C. app. § 1472(a)).

I HEREBY CERTIFY that all of the above statements made by me are true, complete, and correct to the best of my knowledge. In addition, I agree to obstruction mark and/or light the structure in accordance with established marking & lighting standards as necessary.

Date

3-28-95

Typed or Printed Name and Title of Person Filing Notice

Don Werlinger

Signature

FOR FAA USE ONLY

FAA will either return this form or issue a separate acknowledgement.

Chameleon Radio Corporation
 Licensee, Radio Station KIOX
 Bay City, Texas
 1270 kHz, 1 kw, U, DA-N
 Exhibit: E - 6, Page: 1

Advisory Circular 70/7460-1, Chapters

☐ Obstruction marking and lighting are not necessary.

Supplemental Notice of Construction, FAA Form 7460-2, is required any time the project is abandoned, or

- ☐ At least 48 hours before the start of construction.
☐ Within five days after the construction reaches its greatest height.

This determination expires on _____ unless:

- (a) extended, revised or terminated by the issuing office;
 (b) the construction is subject to the licensing authority of the Federal Communications Commission (FCC) and an application for a construction permit is made to the FCC on or before the above expiration date. In such cases the determination expires on the date prescribed by the FCC for completion of construction, or on the date the FCC denies the application.

NOTE: Request for extension of the effective period of this determination must be postmarked or delivered to the issuing office at least 15 days prior to the expiration date.

If the structure is subject to the licensing authority of the FCC, a copy of this determination will be sent to that agency.

Remarks

NAD 83 Coordinates (Use these coordinates for any future correspondence with the FAA)

Latitude

Longitude

Issued in

Signature

Date

SCHEDULE TO SECURITY AGREEMENT

Locations of Equipment:

All equipment is located at the studio at _____.

Locations of Inventory:

All inventory is located at the studio at _____.

MM96-173

VINCENT A. PEPPER
ROBERT F. CORAZZINI
PETER GUTMANN
JOHN F. GARZIGLIA
NEAL J. FRIEDMAN
ELLEN S. MANDELL
HOWARD J. BARR
LOUISE CYBULSKI *
L. CHARLES KELLER *
MICHAEL J. LEHMKUHL *
* NOT ADMITTED IN D.C.

PEPPER & CORAZZINI
L. L. P.
ATTORNEYS AT LAW
200 MONTGOMERY BUILDING
1776 K STREET, NORTHWEST
WASHINGTON, D. C. 20006
(202) 296-0600

AUDIO SERVICES
DIVISION
AMERICAN
ROBERT LEWIS THOMPSON
GREGG P. SKALL
E. THEODORE MALLYCK
OF COUNSEL
FREDERICK W. FORD
1909-1986

TELECOPIER (202) 296-5572
INTERNET: PEPCOR@COMMLAW.COM

April 13, 1995

RECEIVED

APR 13 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

Re: Security Agreement
Acquisition of KIOX-AM
Chameleon Radio Corp.

Dear Mr. Caton:

There is transmitted herewith the proposed Security Agreement to be executed by Chameleon Radio Corp. in connection with its acquisition of KIOX-AM, Bay City, Texas. The Agreement has been revised pursuant to the request of the FCC staff.

Should there be any question with respect to this matter, please communicate with Howard J. Barr, Esq., of this office or the undersigned.

Very truly yours,


L. Charles Keller

Enclosure

cc: Mr. Kenneth Scheibel

AM EXAMINERS
APR 14 1995

RECEIVED

APR 13 1995

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Exhibit 7.1A
SECURITY AGREEMENT

THIS SECURITY AGREEMENT (this "Agreement") dated _____, 1995 is made by CHAMELEON RADIO CORPORATION, a Texas corporation (the "Grantor"), with an office at _____ to LANDRUM ENTERPRISES, INC., a Texas corporation (the "Secured Party"), with an office at 1905 West Loop, EL Campo, Texas 77437.

WITNESSETH:

WHEREAS, on even date herewith Grantor and Secured Party are entering into an Agreement of Purchase and Sale of Assets (the "Purchase Agreement") between Grantor as Buyer and Secured Party as Seller;

WHEREAS, as partial consideration for the assets to be purchased by Grantor under the Purchase Agreement, Grantor on even date herewith is executing a Promissory Note in the principal amount of \$100,000.00 in favor of Secured Party (the "Promissory Note"); and

WHEREAS, in order to secure payment of the Promissory Note, and as a material inducement to the Secured Party to enter into the Purchase Agreement and accept the Promissory Note in partial consideration for the assets to be purchased by Grantor under the Purchase Agreement, Grantor desires to grant the security interest contemplated by this Agreement;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby agrees as follows:

SECTION 1. Defined Terms and Related Matters.

(a) The capitalized terms used herein which are defined in the Purchase Agreement or the Promissory Note and not otherwise defined herein shall have the meanings specified therein.

AUDIO SERVICE
APR 14 2 15 PM '95
AMERICAN
RECORDING

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(c) Unless otherwise defined herein or in the Purchase Agreement or the Promissory Note, the terms defined in Article 9 of the Uniform Commercial Code as currently in effect in the State of Texas are used herein as therein defined.

SECTION 2. Grant of Security. The Grantor hereby assigns and pledges to Secured Party, and hereby grants to Secured Party a security interest in, all of the Grantor's right, title and interest in and to the following, whether presently held or hereafter acquired (the "Collateral"):

(a) All equipment in all of its forms, wherever located, now or hereafter existing (including, but not limited to, all office machines, antennae, transmitting, broadcasting and receiving facilities and equipment, control room facilities and equipment, generators and amplifiers), and all parts thereof and all accessions thereto (any and all such equipment, parts and accessions being the "Equipment").

(b) All inventory in all of its forms, wherever located, now or hereafter existing (including, but not limited to, (i) all materials, supplies and replacement parts and tapes, recorded programs and commercials and Grantor's library of records, tapes and recordings, (ii) goods in which the Grantor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which the Grantor has an interest or right as consignee), and (iii) goods which are returned to or repossessed by the Grantor), and all accessions thereto and products thereof and documents therefor (any and all such inventory, accessions, products and documents being the "Inventory");

(c) All accounts, contract rights, chattel paper, instruments, general intangibles and other obligations of any kind, now or hereafter existing, whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security agreements, leases, and other contracts securing or otherwise relating to any such accounts, contract rights, chattel paper, instruments, general

intangibles or obligations (any and all such accounts, contract rights, chattel paper, instruments, general intangibles and obligations being the "Receivables", and any and all such leases, security agreements and other contracts being the "Related Contracts");

(d) All rights, licenses, permits and authorizations issued by any regulatory agency (licenses granted by the Federal Communications Commission being included only to the extent that applicable law so permits, and notwithstanding anything to the contrary contained in this Agreement, the Secured Party will not take any action pursuant to this Agreement that would constitute or result in any assignment of license or transfer of control of the Borrower if such assignment of license or transfer of control would require (under then-existing law) prior approval of the Federal Communications Commission without first obtaining such prior approval), trademarks, tradenames, service marks, copyrights, franchises and other intangible personal property of Grantor (including, without limitation, the right to use the call letters of the Station) (any and all such rights, licenses, permits, authorizations, trademarks, tradenames, service marks, copyrights and other intangible personal property being the "Intangibles"); and

(e) All proceeds of any and all of the foregoing Collateral (including, without limitation, proceeds which constitute property of the types described in clauses (a), (b), (c) and (d) of this Section 2) and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

The inclusion of proceeds in this Agreement does not authorize the Grantor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized hereby.

SECTION 3. Security for Obligations. This Agreement secures the prompt and complete (a) payment of all obligations of the Grantor to the Secured Party now or hereafter existing under the Promissory Note and (b) performance and observance by the Grantor of all covenants and conditions contained in the Promissory Note, whether for principal, interest, fees, expenses or

otherwise (all such obligations, covenants and conditions described in the foregoing clauses (a) and (b) being hereinafter collectively referred to as the "Obligations").

SECTION 4. Grantor Remains Liable. Anything herein to the contrary notwithstanding, (a) the Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by Secured Party of any of the rights hereunder shall not release the Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (c) Secured Party shall not have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 5. Representations and Warranties. The Grantor represents and warrants as follows:

(a) All of the Equipment and Inventory are located at the places specified in the Schedule attached hereto. The chief place of business and chief executive office of the Grantor and the office where the Grantor keeps its records concerning the Receivables, and all originals of all chattel paper which evidence Receivables, is located at the address first specified above for the Grantor. None of the Receivables is evidenced by a promissory note or other instrument.

(b) The Grantor owns the Collateral free and clear of any lien, security interest, charge or encumbrance except for the security interest created by this Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed in favor of Secured Party relating to this Agreement.

(c) The Grantor has exclusive possession and control of the Equipment and Inventory.

(d) This Agreement creates a valid and perfected first priority security interest in the Collateral, securing the payment and performance of the Obligations, and all filings and other

actions necessary or desirable to perfect and protect such security interest have been duly taken.

(e) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the grant by the Grantor of the security interest granted hereby or for the execution, delivery or performance of this Agreement by the Grantor or (ii) for the perfection of or the exercise by Secured Party of its rights and remedies hereunder, other than the filing of financing statements with the Secretary of State of the State of Texas and the County Clerk of Matagorda County, Texas.

SECTION 6. Further Assurances. (a) The Grantor agrees that from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may reasonably request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor will: (i) mark conspicuously each document included in the Inventory and each chattel paper included in the Receivables and each Related Contract and, at the request of Secured Party, each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to Secured Party, indicating that such document, chattel paper, Related Contract or Collateral is subject to the security interest granted hereby; (ii) if any Receivable shall be evidenced by a promissory note or other instrument or chattel paper, deliver and pledge to Secured Party hereunder such note, instrument or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance reasonably satisfactory to Secured Party; and (iii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as Secured Party may reasonably request, in order to perfect and preserve the security interests granted or purported to be granted hereby.

(b) The Grantor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without

the signature of the Grantor where permitted by law. A carbon, photographic or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Grantor will furnish to Secured Party from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail.

(d) Grantor will promptly notify Secured Party of any change of its name, corporate structure, or the address of its principal place of business or chief executive office.

SECTION 7. As to Equipment and Inventory. The Grantor shall:

(a) keep the Equipment and Inventory (other than Inventory sold in the ordinary course of business) at the places therefor specified in Section 5(a) or, upon 30 days' prior written notice to Secured Party, at such other places in jurisdictions where all action required by Section 6 shall have been taken with respect to the Equipment and Inventory;

(b) cause the Equipment to be maintained and preserved in the same condition, repair and working order as when new, ordinary wear and tear excepted, and in accordance with any manufacturer's manual, and shall forthwith, or in the case of any loss or damage to any of the Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to such end; the Grantor shall promptly furnish to Secured Party a statement respecting any loss or damage to any of the Equipment and will permit Secured Party and its agents to inspect the Collateral at any time;

(c) pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment and Inventory, except to the extent the validity thereof is being contested in good faith;

(d) not permit anything to be done that may impair the value of any of the Equipment and Inventory or the security intended to be afforded by this Agreement or permit the Equipment or Inventory to become an accession to other goods; and

(e) cause all Inventory to be manufactured and produced in compliance with all applicable laws.

SECTION 8. Insurance. (a) The Grantor shall, at its own expense, maintain insurance with respect to the Equipment and Inventory in such amounts, against such risks, in such form and with such insurers, as shall be satisfactory to Secured Party from time to time. Each insurance policy shall provide for all losses to be payable to Secured Party and the Grantor as co-payees. Each such policy shall in addition (i) contain an endorsement or agreement by the insurer that any loss thereunder shall be payable in accordance with the terms of the Policy notwithstanding any act or negligence of the Grantor which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set off, counterclaim or deductions against Grantor, (ii) provide that there shall be no recourse against Secured Party for payment of Premiums or other amounts with respect thereto and (iii) provide that at least ten days' prior written notice of cancellation or of lapse shall be given to Secured Party by the insurer. The Grantor shall, if so requested by Secured Party, deliver to Secured Party original or duplicate policies of such insurance and, as often as Secured Party may reasonably request, a report of a reputable insurance broker with respect to such insurance. Further, the Grantor shall, at the request of Secured Party, duly execute and deliver instruments of assignment of such insurance policies to comply with the requirements of Section 6 and cause the respective insurers to acknowledge notice of such assignment.

(b) Reimbursement under any liability insurance maintained by the Grantor pursuant to this Section 8 may be paid directly to the person who shall have incurred liability covered by such insurance.

(c) Upon the occurrence and during the continuance of any Event of Default, all insurance payments in respect of such Equipment or Inventory shall be paid to and applied by Secured Party as specified in Section 14(b).

SECTION 9. As to Receivables. (a) The Grantor shall keep its chief place of business and chief executive office and the office where it keeps its records concerning the Receivables, and all originals of all chattel paper which evidence Receivables, at the location therefor specified in Section 5(a) or, upon 30 days' prior written notice to Secured Party, at such other locations in a jurisdiction where all action required by Section 6 shall have been taken with respect to the Receivables. The Grantor will hold and preserve such records and chattel paper and will permit representatives of Secured Party at any time during normal business hours to inspect and make abstracts from such records and chattel paper.

(b) Except as otherwise provided in this subsection (b), the Grantor shall continue to collect, at its own expense, all amounts due or to become due the Grantor under the Receivables. In connection with such collections, the Grantor may take (and, at Secured Party's direction, shall take) such action as the Grantor or Secured Party may deem necessary or advisable to enforce collection of the Receivables; provided, however, that Secured Party shall have the right upon the occurrence and during the continuance of an Event of Default or an event which, with the giving of notice or the lapse of time, or both, would become an Event of Default and upon written notice to the Grantor of its intention to do so, to notify the account debtors or obligors under any Receivables of the assignment of such Receivables to Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to Secured Party and, upon such notification and at the expense of the Grantor, to enforce collection of any such Receivables, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done. After receipt by the Grantor of the notice from Secured Party referred to in the proviso to the preceding sentence, (i) all amounts and proceeds (including instruments) received by the Grantor in respect of the Receivables shall be received in trust for the benefit of Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and either (A) released to the Grantor so long as no Event of Default shall have occurred and be continuing or (B) if any Event of Default shall have occurred and

be continuing, applied as provided by Section 14(b), and (ii) the Grantor shall not adjust, settle or compromise the amount or payment of any Receivable, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon, except with the prior written consent of Secured Party.

SECTION 10. Transfers and Other Liens. The Grantor shall not: (a) sell, assign (by agreement, operation of law or otherwise) or otherwise dispose of any of the Collateral, except for sales of Inventory in the ordinary course of business; or (b) create or suffer to exist any Lien upon or with respect to any of the Collateral, except for the security interest created by this Agreement.

SECTION 11. Secured Party Appointed Attorney-in-Fact. Effective upon the occurrence of an Event of Default or an event which, with the giving of notice or lapse of time or both, would become an Event of Default, the Grantor hereby irrevocably appoints Secured Party the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor, Secured Party or otherwise, from time to time in Secured Party's sole discretion, to take any action and to execute any instrument which Secured Party may deem necessary or advisable to accomplish the purposes of this Agreement (subject to the rights of the Grantor under Section 9), including, without limitation:

- (i) to obtain and adjust insurance required to be paid to Secured Party pursuant to Section 8,
- (ii) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,
- (iii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) or (ii) above, and
- (iv) to file any claims or take any action or institute any proceedings which Secured Party may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Secured Party with respect to any of the Collateral.

SECTION 12. Secured Party May Perform. If the Grantor fails to perform any agreement contained herein, Secured Party may itself perform, or cause performance of, such

agreement, and the expenses of Secured Party incurred in connection therewith shall be payable by the Grantor under Section 15.

SECTION 13. The Secured Party's Duties. The powers conferred on Secured Party hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which Secured Party accords its own property, it being understood that Secured Party shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any Collateral.

SECTION 14. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or in the Promissory Note or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code in effect in the State of Texas (as amended from time to time, the "Code") (whether or not the Code applies to the affected Collateral) and Secured Party may also (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties and (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable

notification thereof. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by Secured Party as Collateral and all cash proceeds received by Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the sole discretion of Secured Party, be held by Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to Secured Party pursuant to Section 15) in whole or in part by Secured Party against, all or any part of the Obligations in such order as Secured Party shall elect. Any surplus of such cash or cash proceeds held by Secured Party and remaining after payment in full of all the Obligations shall be paid over to the Grantor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All rights and remedies of Secured Party expressed herein are in addition to all other rights and remedies possessed by Secured Party in the Promissory Note and any other agreement or instrument relating to the Obligations.

SECTION 15. Indemnity and Expenses.

(a) The Grantor hereby indemnifies Secured Party from and against any and all claims, losses and liabilities growing out of or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except claims, losses or liabilities resulting from Secured Party's gross negligence or willful misconduct. **IT IS THE EXPRESS INTENTION OF THE GRANTOR THAT SECURED PARTY SHALL BE INDEMNIFIED AND HELD HARMLESS AGAINST ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DEFICIENCIES, JUDGMENTS OR EXPENSES ARISING OUT OF OR RESULTING FROM THE ORDINARY NEGLIGENCE (WHETHER SOLE OR CONTRIBUTORY) OF SECURED PARTY.**

(b) The Grantor will upon demand pay to Secured Party the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any experts and agents, that Secured Party may incur in connection with (i) the administration of this Agreement, (ii) the evaluation, appraisal, custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of Secured Party hereunder or (iv) the failure by the Grantor to perform or observe any of the provisions hereof. Grantor agrees to pay interest on any expenses or other sums payable to Secured Party hereunder that are not paid when due at a rate per annum equal to the lesser of (i) the Maximum Rate and (ii) the Prime Rate plus 1%.

SECTION 16. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 17. Addresses for Notices. All notices and other communications provided for hereunder shall be given in the manner and at the addresses, and shall become effective as, specified in the Promissory Note.

SECTION 18. Waiver of Marshalling. All rights of marshalling of assets of Grantor, including any such right with respect to the Collateral, are hereby waived by Grantor.

SECTION 19. Limitation by Law. All rights, remedies and powers provided in this Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Agreement are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

SECTION 20. Separability. Should any clause, sentence, paragraph, subsection or Section of this Agreement be judicially declared to be invalid, unenforceable or void, such decision will not have the effect of invalidating or voiding the remainder of this Agreement, and the parties hereto

agree that the part or parts of this Agreement so held to be invalid, unenforceable or void will be deemed to have been stricken herefrom by the parties hereto, and the remainder will have the same force and effectiveness as if such stricken part or parts had never been included herein.

SECTION 21. Captions. The captions in this Agreement have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Agreement.

SECTION 22. No Waiver; Remedies. No failure on the part of Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 23. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 24. Continuing Security Interest; Transfer of Promissory Note. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Obligations, (ii) be binding upon the Grantor, its successors and assigns and (iii) inure to the benefit of Secured Party and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), Secured Party may assign or otherwise transfer the Promissory Note held by it to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to Secured Party herein or otherwise. Upon the payment in full of the Obligations, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Grantor. Upon any such termination, Secured Party will, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

SECTION 25. Appraisals. The Grantor agrees that at any time and from time to time, at the expense of the Grantor, the Grantor, at the reasonable request of Secured Party, shall deliver to Secured Party an appraisal of the Collateral, in form and substance satisfactory to Secured Party.

SECTION 26. Survival of Representations and Warranties. All representations and warranties contained in this Agreement or made in writing by or on behalf of the Grantor in connection herewith shall survive the execution and delivery of this Agreement and repayment of the Obligations. Any investigation by Secured Party shall not diminish in any respect whatsoever its rights to rely on such representations and warranties.

SECTION 27. GOVERNING LAW; TERMS. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

IN WITNESS WHEREOF, the Grantor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

CHAMELEON RADIO CORPORATION

By: _____
Name: _____
Title: _____